

## ***COUNTY OF BRUNSWICK, NORTH CAROLINA BUDGET POLICY***

### ***I. THE ANNUAL BUDGET SYSTEM AS A PROCESS***

The purpose of the Annual Operating Budget System is to clarify and standardize the procedures to be followed in requesting budget appropriations for the coming fiscal year. All operating departments of Brunswick County will use these standardized procedures.

An operating budget is a financial document of intended expenditures that provides a detailed operating plan expressing purpose, programs and activities, and an estimate of the cost of implementing them related to available revenue.

Some of the more tangible values of a properly prepared budget are as follows:

- (1) The Board of County Commissioners has the opportunity to evaluate the adequacy of the operating program and to establish the level of service to be rendered.
- (2) The budget gives County Administration an opportunity to explain its management program in carrying out the policies of the Board of County Commissioners.
- (3) During the preparation of the budget, the County Manager/Budget Officer has an opportunity to review organizational methods and procedures, to initiate improvements, and to become aware of problems requiring further study.
- (4) The budget provides the department(s) an opportunity to justify program operations, or propose changes in service, and to recommend revisions in organization and methods.
- (5) The budget is a plan that requires annual review and reflects improvements in operating procedures.

Upon completion and submission of budget requests by departments and agencies, the following will occur:

- The County Manager/Budget Officer and Director of Fiscal Operations conduct informal budget work sessions to insure that budget requests adequately and equitably represent the department's needs. Revenues for the coming fiscal year are estimated. The benefits and costs are evaluated and priorities are established in terms of revenue available.

- Budget conferences are held as needed with each department or agency, the County Manager/Budget Officer, and Director of Fiscal Operations, as needed. Each budget request is evaluated and appropriate revisions are made to reflect the most efficient use of County funds to provide necessary and desirable services.
- The recommended budget is prepared and presented by the County Manager/Budget Officer to the Board of County Commissioners for its consideration.
- The Board of County Commissioners study sessions are held as needed to determine whether the expenditure and services levels are in accordance with the general fiscal policies of the Board.
- The Board of County Commissioners adopts a budget ordinance as the formal expenditures and service policy level of Brunswick County for the respective fiscal year.

## *II. CAPITAL IMPROVEMENT PLAN AS A PROCESS*

Brunswick County recognizes the need for capital improvement planning. The Board of County Commissioners and County Administration may revise from time to time the capital improvement plan as deemed necessary to meet the changing needs of the County.

The County shall update the Capital Improvement Plan annually, beginning in November with updates to be finalized by March any given fiscal year. This update will, therefore, reflect changes and priorities on an annual basis.

## *III. FISCAL POLICIES*

Brunswick County's Annual Budget Ordinance shall be balanced in accordance with the Local Government Budget and Fiscal Control Act (NCGS 159-13 (a)).

Brunswick County's Annual Budget Ordinance shall be adopted by July 1 (NCGS 159-13 (a)).

A reserve for contingency shall not exceed five (5) percent of the total of all other appropriations in the same fund.

Brunswick County will maintain general working capital and reserves to provide a sufficient cash flow for financial needs at all time and offset significant economic downturns.

Financial priority will be given to basic County services, which provide the maximum level of services to the most citizens, in the most cost effective manner, with consideration given to all costs, including economic, fiscal and social.

In order to accommodate these policies, the Board of County Commissioners shall maintain, at any give time, at least twenty percent (20%) of the total General Fund budget as General Fund fund balance, available for appropriation. This percentage is to be consistent with other counties comparable to Brunswick County.

#### *IV. REVENUE*

Brunswick County will estimate revenues in a realistic and conservative manner in order to minimize the adverse impact of revenue shortfall.

Brunswick County will use a cost of service approach where possible, which results in user fees, rates and customer charges being sufficient to cover the cost of providing services. Each year, user fees, rates and charges will be reviewed for adjustment to cost of service levels.

Enterprise funds and internal service funds (if any) shall have set fees and user charges at a level that fully support the total direct and indirect costs if feasible, of the activity. An example of indirect costs includes the cost of annual depreciation of capital assets.

Brunswick County will aggressively collect property tax revenues as authorized by the North Carolina General Statutes (NCGS).

Brunswick County will not use one-time revenues or fund balances for continuing expenses. All new and continuing expenses will be based on known and conservatively projected revenue sources.

#### *V. EXPENDITURES*

Brunswick County will maintain a level of expenditures that will provide for the well-being and safety of the citizens of the county.

Expenditures will be sufficiently estimated, and will be budgeted within the confines of realistically estimated revenues. Since County employees are the biggest assets, personnel management, consistent with sound economic policies of the county, will be maintained to recruit and to retain qualified employees, as follows:

- A) Salary Study: A salary study will be conducted as needed by the County Manager/Budget Officer, by function of services performed, in order to maintain a pay scale that is consistent with like jobs in the surrounding area and in similar governmental entities, with the recommended and approved

changes being effective with the first full pay period in the subsequent January.

- B) Merit Based Pay Plan: The performance of all employees will be evaluated annually by their supervisor for consideration of a pay adjustment based on meritorious performance of their assigned duties. Any awarded pay adjustments will be effective January 1 and included in the first payroll thereafter.
- C) 401K Plan: A five (5) percent 401k contribution for all employees shall be given.
- D) Longevity: The Longevity policy as reflected in the Brunswick County Personnel Manual shall be maintained for all qualified and/or qualifying employees.
- E) Employee Development Plan: Individualized plan of career development to be completed jointly by each supervisor and employee.
- F) Employee Benefit Package: Maintain a benefit package for employees that will provide the most cost effective benefits. The Employee Benefit Package shall be evaluated as needed.
- G) Minimum Wage and Mileage Rate: Minimum wages for hourly paid employees as well as the mileage rate reimbursed for use of privately owned vehicles will be consistent with the Federal minimum allowable from year to year.

## *VI. DEBT MANAGEMENT*

The purpose of this debt management policy is to reduce the potential financial impact to taxpayers of Brunswick County, and to provide a guideline for setting debt limits and structuring debt. Brunswick County will maintain good communications with bond rating agencies regarding its financial condition.

### *A. Debt Limits*

The limit for any debt payable from general revenues, including capital leases (i.e.: direct debt) in any given fiscal year should not exceed ten (10) percent of the total budget. The limit of any debt payable from a specific pledged revenue source (i.e.: revenue debt) shall be determined by debt service ratios (i.e.: annual net pledged revenues to annual debt service) and/or credit rating impacts (i.e.: any additional revenue debt should not lower ratings) as contained in the bond covenants.

## B. Debt Structuring

The maximum term for any debt incurred shall not exceed the useful life of the asset. The pattern for annual debt service costs should be level so as to minimize sporadically high annual levels of debt service costs to the citizens of the County.

## C. Budgetary

Brunswick County will make appropriations in the annual operating budget in order to pay for most large dollar capital equipment replacement needs. This policy reduces debt service costs and provides for the orderly replacement of rolling stock, heavy equipment, and renovations of buildings.

## *VII. BUDGET AMENDMENT*

The County Manager/Budget Officer is hereby authorized to transfer appropriations within a fund under the following conditions:

- A) He/She may approve a transfer of appropriation between objects of expenditures within a department without limitations and without a report being provided to the Board of County Commissioners.
- B) He/She may transfer an appropriation up to five thousand dollars (\$5,000) between departments of the same fund with an official report on such transfers presented to the Board of County Commissioners at their next regularly scheduled meeting.
- C) He/She may not transfer any appropriation from the regular contingency appropriation within the General Fund.
- D) He/She may transfer an appropriation not greater than the emergency contingency between department and funds with said transfers to be reported to the Board of County Commissioners at its next regularly scheduled meeting.

The Director of Fiscal Operations is hereby authorized to approve the transfer of appropriations within a department as follows:

- A) He/She may approve a transfer of an appropriation requested by a department and/or agency between operational object codes of expenditure other than salary and capital outlay line items and/or revenue without limitation.
- B) He/She may transfer an appropriation between and/or among object codes at the close of the fiscal year within a department in order to allow for sufficient appropriation for actual and/or projected obligations.

### *VIII. ACCOUNTING, AUDITING AND FINANCIAL REPORTING*

All accounts of Brunswick County shall be organized on the basis of funds and/or accounts groups, each considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriated.

At the end of each fiscal year (June 30), any funds budgeted for capital projects or continuing programs which have not been completed, grant funds which have not been expended, funds for items authorized by purchase orders and ordered but not received, shall be reflected as a designation of fund balance in the Comprehensive Annual Financial Report (CAFR) and automatically be budgeted in the subsequent fiscal year.

Funds determined to be the difference between actual revenues and expenditures at the end of the fiscal year (June 30), are transferred to the fund balance of the appropriate fund.

An independent firm of certified public accountants will perform an annual financial and compliance audit according to Generally Accepted Auditing Standards and will issue an opinion that will be incorporated in the CAFR.

Adopted this 24th day of February, 2005

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David Sandifer, Chairman  
Brunswick County Board of Commissioners

Attest:

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Debby Gore, Clerk to the Board of County Commissioners